



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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FOR IMMEDIATE RELEASE

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OLYMPIA, September 20, 2006 --- Largely as a result of a more pessimistic oil price outlook, the September forecast for the U.S. economy forecast features both higher inflation and lower real growth than did the forecast adopted in June. At the state level, however, newly available data indicate that the level of personal income in Washington is higher than previously believed. Higher than expected revenue collections since the last forecast confirm the underlying strength in the economy. As has been true for the last several forecasts, construction and real estate related revenue sources accounted for most of the forecast increase.

The September 2006 General Fund-State revenue estimate for the 2005-07 biennium is \$27,316.8 million. The new forecast is \$349.8 million more than expected in June of which \$132.1 million is due to higher than expected revenue collections during the last three months. The forecast for the 2007-09 biennium is \$29,525.7 million, which is \$62.4 million higher than expected in June.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2005-07 biennium. The forecast based on more optimistic economic assumptions netted \$345 million (1.3 percent) more revenue than did the baseline while the pessimistic alternative was \$415 million (1.5 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$122 million less revenue than did the baseline forecast.

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